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I would like to inform you of a major new activity recently developed and undertaken by my firm. As you know, my primary interest has been employee attitudes. I have, for a variety of organizations in both the private and public sectors, developed methods by which employee morale can be systematically and continuously assessed.

I have now significantly added to this capability. My key, underlying concern is the measurement and improvement of organization effectiveness but any single dimension of this -- such as employee morale -- is bound to have shortcomings. Ideally, management should be continuously apprised of a number of dimensions of performance and information about these dimensions should be collected in a way that allows them to be analyzed in relation to each other. Management needs to know, for example, just how its measures of employee morale relate to "hard" data on productivity.

We have therefore now designed a system for Total Performance Measurement. This system permits the regular and simultaneous monitoring by management of all major dimensions of organization effectiveness. The system can contain any number of effectiveness dimensions, but we have thus far found three to be key: objective workforce performance (actual productivity and work quality), employee morale, and customer satisfaction (the "customers" being either internal or external). Instruments to tap the three factors are designed, the instruments are applied at regular pre-determined intervals, and the results analyzed and displayed so that significant trends -- on all three dimensions simultaneously -- become readily apparent.

Total Performance Measurement provides a portrayal of effectiveness that is much more complete than has been possible heretofore. Our fragmented organizations have led to fragmented measurement systems: the Personnel Department conducts employee attitude surveys; Industrial Engineering

collects productivity measures; Market Research studies customer satisfaction. These various efforts are often carried out in isolation from one another, and where they do interact it is frequently with antagonism.

Total Performance Measurement brings these disciplines together in a mutually reinforcing way. All of the approaches are of value and the contributions of each can be significantly enhanced when they are treated in combination. When treated in combination, not only is the picture of current performance provided management much more complete; a powerful mechanism has been created for spotting targets of performance improvement opportunity. This latter is accomplished by systematically relating measures to each other, for example, by using the "hard" data to determine areas of productivity deficiency and the employee attitude information to determine what employees in those areas view the causes of the problems to be. It has been repeatedly demonstrated that there is no better method for uncovering the causes of performance difficulties than to go directly to the "performers": the employees themselves. Total Performance Measurement thus provides a means for systematically tying together the output of an organization (production, service, etc.) with its most important input: people.

The usefulness of relating the measures to each other can be seen in yet another way. Often management will take action to improve one aspect of effectiveness, say, productivity, but will have no idea what effects this might have on other aspects, say, employee morale. A significant morale problem might be developing which, in the long run, could cost the organization far more than the savings realized by the productivity improvements. Through Total Performance Measurement -- since data are provided on productivity and morale simultaneously -- such effects are easily detected, and preventative action can be taken while there is still the time and latitude to do so.

As it is important not to compare Total Performance Measurement with a one-shot study, we install a permanent system for the continuous tracking, analysis and improvement of performance. This means that we build for our clients a TPM capability: instrumentation (questionnaires, productivity measures, etc.) tailored to the client's needs, and trained internal personnel equipped to run the system and to help management understand and use its outputs.

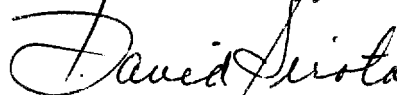
The precise features of TPM vary, of course, by organization and the amount of work that needs to be done by us also varies greatly. Thus, customer satisfaction measures are important to some organizations while others choose to do without them. Employee attitude surveys are ongoing activities in some companies and can easily be incorporated in TPM; many organizations, however, have had no survey experience and we must begin from scratch with them. Productivity data may or may not be available and in a form which may

or may not be useful. Interestingly, we have found that one of the most important services we provide clients is the cleaning up and simplifying of their productivity measurement systems. I have been amazed at how little so many organizations know about the productivity of their workforce. This is due to a variety of reasons, e.g., the company just not caring about productivity, or caring so much that an incredible variety of measures are developed whose abundance and complexity make them almost uninterpretable. Our productivity measures are simple output/input ratios that not only remove the mystery from this area of measurement but also allow for easy application to a large part of the employee population whose work was previously thought to be unmeasurable.

Our success thus far with Total Performance Measurement has been gratifying. The success of a technique should not be gauged by its capacity to generate reliable and valid data. That is just the starting point. The crucial success criteria are the uses to which the data are put and the effects of such uses on actual performance. Encouraging results were achieved as early as our initial, demonstration project conducted in the U.S. Government's General Accounting Office. This TPM project was begun about a year ago and led, among other changes, to a major restructuring of the work process in a critical GAO function. The effect of the restructuring was closely monitored (through TPM "hard" data) and significant performance improvements were observed. For example, the time needed to process work in the function was reduced from 43 to 17 days. The success of the GAO undertaking was such that we have since been contracted to install four additional TPM systems at all levels of government: city, county, state and federal.

I am convinced that Total Performance Measurement represents a major innovation in the assessment, understanding and improvement of organization performance. If you have an interest in the approach, I would be most happy to provide you with more details and discuss with you its application to your situation.

Yours sincerely,



David Sirota
President

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<p>Mr. Blake:</p> <p>Attached is a copy of a letter from David Sirota, professor at the Wharton School and president of a small, but expensive consulting firm that has run attitude surveys for a number of large U.S. firms. I attended a workshop on attitude surveys conducted by him last year. David in this letter is advocating something he calls <u>Total Performance Measurement</u>. Whether TPM is the new wave, following upon MBO, I do not know, but thought you might be interested in seeing the term.</p>			
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